IMPACT OF HUMAN RESOURCE ACCOUNTING PRACTICES ON SELECTED INFORMATION TECHNOLOGY COMPANIES OF INDIA

A

SYNOPSIS

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"Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to the interested parties."

- American Accounting Association

INTRODUCTION

Human Resource Accounting gives information regarding the inner strength of an organization and helps in making decisions regarding long-term investment in that organization. The employee's bargaining power and performance are also affected by this. But, in spite of having such importance, the study of human resources of an organization had not been given required attention by management thinkers for years.

Under the constraints the financial statements are prepared pursuant to the Company Law in India. There is no scope for showing any significant information about human resources in financial statements except the remuneration paid to them and the number of employees getting compensation beyond a certain amount per annum.

Just like financial capital structure, which consists of various types of capital, the human capital structure consists of different types of employees employed in an organization. The type of employees may be executives, supervisory, artisans, clerical and skilled staff or semi-skilled staff. The composition and proportion of various types of employees play an important role in the development of an organization.

The human capital structure is highly related with HRA and the techniques to value human resources. A popular phenomenon among the Indian corporate world is to disclose information relating to human resources in annual financial statements. In this context, it is necessary to conduct a study to assess the disclosure pattern of HRA information in Indian corporate world.

The success of any organization depends upon the efficiency and caliber of the people of that organization. Moreover, it is difficult to find competent, efficient, knowledgeable and highly motivated people. Skills, experience, knowledge and creativity of people cannot be replaced with any machine. Thus, organizations must learn to recognize and appreciate their human assets along with other assets.

DEFINITIONS OF HUMAN RESOURCE ACCOUNTING

The human capital perspective provides a new rationale for the role of the HR function, where HR is no longer viewed as a cost centre, but rather an asset provider. The human intellectual asset is, like many physical assets, hard to value. However, it is important to notice the critical factors that the human capital plays as the foundation of the financial capital. The following definitions given by numerous associations and writers are given below:

Eric Flambholtz defined Human Resource Accounting as "HRA is an accounting for people as an organizational resource. It involves determining the costs experienced by industry firms and other organizations to recruit, select, hire, train and develop over human assets. It also involves measuring the economic value of people to the organization."

In the words of **Woodruff** "An attempt to identify and report investment made in human resources of an organization that are presently not accounted for in conventional systems that tells the management what changes over time are accruing to human resources of the business."

Geoffrey M.N Baker defined as "Human resource accounting is the term applied by the accountancy profession to quantify the cost and value of employees to the employing organization."

Davidson and Weil defined Human Resource Accounting as "It is the process of measuring and reporting the human dynamic of an organization. It is the assessment of the condition of human resources within an organization and the measurement of the change in the condition through time."

According to above definitions, the requirements of Human Resource Accounting are as follows-

- Valuation of human resources.
- Recording of human resources as per accounting principles.
- Disclosure of human resource information in the financial statements.

Human resource accounting is the art of valuing, recording and presenting systematically the work of human resources in the books of accounts of an organization. Thus, it is primarily an information system, which informs the management about the changes that are taking place in the human resource of an organization.

Human Resource Accounting emphasizes that human resources should be treated as assets like physical and financial assets because the quality and caliber of the people working in an organization are the real assets for a firm. HRA is mainly concerned with:

- Identification of data regarding human resources of an organization.
- Measurement of the data in terms of cost and value.
- Communicating this information to the interested parties.

Human Resource Accounting is of high significance not only for the management but also for the analyst and employees. It helps the management in better planning, utilization and management of human resources of the organization. For the analyst it provides information regarding the inner strength of the organization and also helps in making decisions regarding the long term investment in that organization.

OBJECTIVES OF HUMAN RESOURCE ACCOUNTING

The major objective of human resource accounting is to simplify the administration of the individuals as business resources. It can also be called "Human Resource Management Accounting" i.e. the application of accounting into the organization. The purposes of the human resource accounting system are:

- To furnish human resource cost and value information for taking administration decisions, distributing, emerging and maintaining human resource in order to accomplish cost-effective organizational objectives.
- To allow management personnel to monitor efficiently and effectively the usage of human resource.
- To provide a purpose of asset control i.e. whether assets are preserved, useless or valued.
- To support the expansion of organizational principle by clarifying the monetary consequences of several practices.

ADVANTAGES OF HUMAN RESOURCE ACCOUNTING

Human Resource Planning anticipates not only the required kind and number of employees but also determines the action plan. The major benefits of HR accounting are:

- It checks the corporate plan of the organization. The corporate plan aiming for expansion, diversification, changes in technological growth etc. has to be worked out with the availability of human resources for such placements or key positions. If such manpower is not likely to be available, HR accounting suggests modification of the entire corporate plan.
- It offsets uncertainty and change, as it enables the organization to have the right person for the right job at the right time and place.
- It provides scope for advancement and development of employees by effective training and development.
- It helps individual employees to aspire for promotion and better benefits.
- It aims to see that the human involvement in the organization is not wasted and brings high returns to the organization.
- It helps to take steps to improve employee contribution in the form of increased productivity.
- It provides different methods of testing to be used, interview techniques to be adopted in the selection process based on the level of skill, qualifications and experience of future human resources.
- It can foresee the change in value, aptitude and attitude of human resources and accordingly change the techniques of interpersonal management.

REVIEW OF LITERATURE

A literature review is a body of text that aims to review the critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources, and as such, do not report any new or original experimental work. Likewise, a literature review can be interpreted as a critique of an abstract accomplishment. Most often associated with academic oriented literature, such as a thesis, a literature review usually precedes a research proposal and results section. Its primary goal is to fix the current study within the body of literature and to provide context for the particular reader.

International Reviews- 21

National Reviews- 10

Total Reviews- 31

TABLE 1 INTERNATIONAL REVIEWS

S. No.	Author	Year & Publication Details	Title	Objective(s)	Research Methodology	Key Findings
1.	Abiola O. J. & Ayinde A., R.	2020 **Journal:** Archives of Business Review Vol.8, Issue 5, May, 2020	Influence of Human Resource Accounting Practices on Managerial Decision-Making	The main objective of this paper was to empirically examine the influence of Human Resource Accounting (HRA) on managerial decision-making. On the other hand, the specific objective of the study was to examine the significance of HRA in the context of management planning on human resources.	Data for the study were gathered via a structured questionnaire on personnel of Accounting, & Audit/Internal Control departments which were considered to be the relevant departments for this study in 16 quoted firms in the Nigerian financial services sector. The questionnaires were analyzed using a simple regression analysis model.	The study found that HRA has a significant impact on managerial decision-making of organizations. It was therefore recommended that organizations should be more proactive in the use of HRA to enhance decision making. Necessary and relevant standards should also be provided on the need for recognizing human resource cost in organizations' statements of financial position in order to enhance adequate decision-making in business organizations.
2.	Al-Tahat S. S.; & Al-Zoubi A. M.	2020 **Journal**: International Journal of Business and Social Science Vol. 11, No. 3, March 2020 ISSN 2219-1933 (online)	The Challenges in Applying Human Resources Accounting in Auditing Companies in Jordan	The primary purpose of the study was confined only in determining the challenges confronting auditing companies in the application of human resources accounting.	The study used the descriptive analytical approach. Descriptive statistics, one sample t-test and ANOVA test were used.	The study came up with a number of challenges facing auditing companies in the application of human resources accounting. These challenges are divided into both humanitarian and accounting challenges.
3.	Ali, S. F.	2020 **Journal**: International Journal of Multicultura	The Study on the Impact of Human Resource	Theoretical study aims to research the impact of the statement of	The researcher adopted the descriptive approach and inductive. Ratio	This study concluded that The recognition of human resources as assets and their

		l and Multi-religious Understanding Vol. 7, No. 1, February 2020 ISSN 2364-5369 (online)	Accounting on Performance Evaluation	accounting for human resources in evaluating the performance of economic units.	Analysis has been used to evaluate the performance of Companies.	disclosure in the financial statements have severe impacts on showing the results of the company's business with greater credibility, which reflects the financial position of the company at the end of the year correctly and objectively.
4.	Kumar, K. S.	2020 **Journal**: IOSR Journal of Business & Management Volume 22, Issue 1. Ser. II (Jan. 2020), e-ISSN: 2278-487	Perception of Human Resource Accounting Practices in BHEL	To study the ways of perception of HRA practices by the employees of BHEL. To analyse the relationship between different demographic variables and the perception of the employees of BHEL. To offer suggestions for the improvement of HRA in BHEL.	Survey method of research was adopted and the required data was collected through primary and secondary sources. Regression Analysis and ANOVA have been used for analyzing data.	The researcher concluded that there is no significant association between the perception of the sample employee respondents in BHEL regarding HRA practices in it and their demographic variables.
5.	Grafova T.O. & Kirishchieva V.I.	2020 **Journal:** Advances in Economics, Business and Management Research, Volume 114, Jan. 2020 ISSN: 2352-5428	Organization of Automated Human Resource Accounting	The article presented the basic principles of accounting and automation of human resources management systems. The article covers the investment in the knowledge based capital being increasingly	Modern managers form part of the knowledge based capital as a determinative of a company along with such traditional production factors as labor, land and capital. The use of the knowledge based capital was determined from the point of view	The authors suggested that the automation of the human resources accounting process be viewed as an opportunity to model the future accounting process based on the application and construction of a derivative balance sheet system. The authors propose to investigate accounting

				attractive because of its high return.	of its business efficiency, with its various methods being defined.	automation as one of the options for the future state modeling based on the use of a derivative balance sheet system.
6.	Sirisha, K.	2019 **Journal**: Complexity International Journal (CIJ) Vol. 23, Issue 03, Sep., 2019, ISSN: 1320-0682	A Study on Human Resource Accounting Methods	The objectives of the study were to study the methods of Human Resource Accounting and to analyse all the methods of HR Accounting.	This study was based on secondary data. Various methods of HR Accounting have been used and analyzed by Correlation.	The Researcher concluded that Managers need estimates of their firm's ratios of investment in human resources to total assets as an indicator of profit making potential. A positive correlation exists between investments in the acquisition, orientation, training, retraining, and retention of human resources, and the future profitability of corporations.
7.	Shukuhia, H., & Ashraf, S H	2019 **Journal**: International Journal of Information, Business and Management, Vol. 11, No.3, August, 2019, ISSN 2076-9202	Comparative Analysis of Human Resource Accounting Practices And The Effect of Financial Performance on Human Resource Value in Public Sector Companies in India	The objectives of the study were to study the Human Resources Accounting practices in public sector enterprises and to examine the relationship between profitability variables and Human Resource values in the selected public sector enterprises.	The study was based on secondary data. The data used in the study was collected from the annual reports of nine selected public enterprises for the years 2006-07 to 2015-16. Multiple regression analysis has been used.	The findings of this research paper uncovered the fact that the HRV of companies was dependent upon two factors Net Profit and Return on HRV, in other hand has clearly shown that Net Profit was the most important factor to improve HRV followed by Return on HRV.
8.	Meena, M. K.	2019 **Journal:** International Journal of Advanced	Human Resource Information Disclosure in Financial	Developing new proportions of powerful labor usage and for	The study was based on secondary data. The data has been collected	The study revealed that HRA is estimation of the expanse and estimation of

		Scientific Research and Management (IJASRM), Volume 4 Issue 7, July 2019, ISSN: 2455-6378	Reports: A Study of Tata Consultancy Services Limited	fixing ideal individuals for the correct activity.	from the annual reports of selected companies.	individuals for association and imparting this data to invested individuals. It is to be pointed out that treating individual as resources ought not to be considered as bringing down the status of human poise as on account of Slave exchange.
9.	Das P. K.	2019 **Journal:** European Journal of Accounting, Auditing and Finance Research Vol.7, No.6, pp.40-64, July 2019 ISSN: 2053-4094 (Online)	HRA Practices: An Indian Panorama	To study the significance of HRA for smooth functioning of business organization. To identify the issues and challenges. To study the HRA practices in Indian corporate sector. To provide conclusions based on the study.	The study has used a purposive sampling technique for the selection of the corporate. Corporations from both the public sector and the private sector are selected for the purpose of study. The study was based on secondary data as well as primary data. Primary data were collected through the issue of questionnaires.	The researcher concluded that the overall performance of public and private sectors shows that the public sector has been performing better in HRA disclosure practices. Annual reports revealed that HRA disclosures are not sufficient in Indian corporate with the exception of few companies being found to be collecting and reporting HRA information in their annual reports through supplementary statements and not a part of main financial statements.
10.	Osei-Assibey M B., Li K. D. & L. R.	2019 **Journal**: Business and Economic Research Feb., 2019, Vol. 9, No. 2, ISSN 2162-4860	Exclusion of Human Resource Accounting in Statement of Financial Position and its Effects on Performance : Empirical	The study examined the factors that have accounted for the exclusion of Human Resources Accounting in the statement of financial	The study used both primary and secondary data. A regression model was used to ascertain the effects of Human Resource Accounting on a firm's performance.	The findings revealed that, the exclusion of human resources in the statement of financial position is due to these key obstacles such as: there were no proper clear-cut and specific

			Evidence of Ghana	position of companies listed on the Ghana Stock Exchange. The paper also ascertained the relationship between human resource Accounting and firms performance.	The study used secondary data from a published annual financial statement of all the listed companies on the Ghana Stock Exchange in the period of 2015-2018.	guidelines for measuring costs and value of human resources; the period of existence of Human Resource is uncertain; there is no universally accepted method of valuation of human resources.
11.	Vaddadi, K. M.; Surarchith, N. K. & Subhashin D.	2018 **Journal:** International Journal of Pure and Applied Mathematics Volume 118, No. 20, ISSN: 1314-3395 (online)	The Effect on Human Resource Accounting (HRA) on Performance of a Firm	The aim of this study was ascertaining the relationship between human resource accounting and performance of firms.	The study was carried out in ten branches of Indian Nationalized bank located in Andhra Pradesh, India. Quantitative method was used.	The Researcher concluded that shelter cost and training & development cost were strongly correlated with firm's performance, but health and safety cost was moderately correlated with firm's performance. The research helps the banks to identify the importance of investment on human capital.
12.	Khatri, N. & Bakshi, S. A.	2018 **Journal**: International Journal of Marketing & Financial Management Vol. 06, Issue 12, Dec. 2018, ISSN: 2348-3954 (online)	An Exploratory Study of Human Resource Accounting Practices in India	The objectives of the study was to explore the literature review related to human resource accounting, to understand the needs and significance of HRA in the context of business performance measurement and to provide suggestions for developing such accounting	This study was descriptive cum exploratory in nature. Secondary data was used for the purpose of the study. To develop this study in depth literature review has been used which was collected from websites, different books, previous research findings and from different libraries.	It was found that most of the Indian companies and corporations have followed the Lev & Schwartz model for determining the value of human resources. Some organizations faced several challenges during the HRA implementation. The companies are trying to fit an available model for the valuation of HR as per their own requirement.

				practices in our business enterprises.		
13.	Das, P. K.	2018 **Journal:** International Journal of Social Sciences Vol. 04, Issue 2, Sep. 2018, ISSN 2454-5899	A Critical Appraisal of Human Resource Accounting Models	To discuss human resource accounting, to study various models of HRA suggested by researchers and to have a critical evaluation of various models of HRA.	The study was theoretical and conceptual. The study was based on secondary data.	The study revealed that it is not possible to apply all the models in practice for lack of sufficient data. Due to problems, this accounting is not yet popular. Corporate sectors in India do not properly value and plan these resources.
14.	Mathapati, C. M.	2018 **Journal:** International Journal of Creative Research Thoughts (IJCRT) Vol. 6, Issue 2, June 2018, ISSN : 2320-2882	Review and Reflections on Human Resource Accounting - Indian Perspective	To review the available literature related to HRA, to study the HRA practices in India, to understand the needs and significance of HRA and to know HRA approaches followed by Indian companies.	The study was based on secondary data. The data has been collected from the journals, websites, e-books and annual reports of the Indian Companies.	The study revealed that the Lev and Schwartz model was popular and adopted by the Indian Companies. Indian regulatory bodies have not issued proper guidelines for valuation and reporting of HRA and its accounting and this has created obstacles in the development of HRA in India.
15.	Ofurum, C.O. & Adeola, S. O.	2018 **Journal:** International Journal of Advanced Academic Research Vol. 4, Issue 2, Feb., 2018 ISSN: 2488-9849	Human Resource Accounting and Profitability of Quoted Firms in Nigeria	The objective of the study was to examine the relationship between Human Resource Accounting and the Profitability of quoted firms in Nigeria.	The study used secondary data from 2011 to 2015. Ordinary least square (OLS) and Pearson Product moment correlation coefficient with the aid of SPSS version 20.	The study revealed that there is no significant relationship between HRA and profitability of quoted firms in Nigeria.
16.	Shukuhia H., & Ashraf S. H.	2017 **Journal:** International Journal	A comparative study of human	To study the disclosure practices of HR	20 companies were selected for the study, out of that only 6	The Researcher concluded that the public sector is following better

		of Academic Research and Development Volume 2; Issue 5, ISSN: 2455-4197	resource accounting disclosure practices in Indian companies	Accounting of Public sector and Private Sector companies in India. To compare between the disclosures variables of HRA followed by Public sector and Private Sector companies in India. To offer suggestions for the improving of HRA disclosure in Indian companies.	companies (3 Public and 3 Private sector companies) were following HRA. Descriptive Statistics and one sample test were used to find the difference in the disclosure of HR variables in selected Indian companies.	HRA disclosure practices than the private sector. HRA information was an immense help in decision-making both for internal and external users of the organization. Therefore, they should adopt the HRA system.
17.	Osemeke M.	2017 **Journal:** International Journal of Economics, Finance and Management Sciences Vol. 5, No. 3, April 2017 ISSN: 2326-9561 (Online)	Human Resources Accounting: Issues, Benefits and Challenges	To examine the issues related to valuation of human resource working in organization and benefits and challenges of implementing the HRA disclosures.	The study was exploratory in nature and this was based on secondary data.	The paper revealed that the exponent of human resources valuation models in most cases have not dealt with the mode of recording and disclosure of the accounting information relating to human resources in the books of account or financial statements of the organization.
18	Sarkar, S. H., Alam, A. & Ali, I.	2016 **Journal:** Australian Journal of Accounting, Economics and Finance (AJAEF) Vol. 2, Issue 2, Oct. 2016, ISSN: 2206-480X	Human Resource Accounting Disclosure Practices in Bangladesh	To identify the present scenario of HRA Disclosure practices at the corporate sector in Bangladesh and to find out the relationship between corporate characteristics and HRA Disclosure	The study was empirical in nature and based on secondary data. Data collected from 40 companies through simple random sampling methods for the year 2013.	The study revealed that the level of HRA Disclosure was very poor and inconsistent in the corporate sector of Bangladesh. A large number of companies disclose very few numbers of items of HRA, whereas a negligent percent of companies disclose comparatively

				level at the corporate sector in Bangladesh.		high volume (about 50%) of HRA Disclosure items.
19.	Rani A.	2016 **Journal**: International Journal of Informative & Futuristic Research Vol. 3, Issue No. 6, Feb. 2016, ISSN: 2347-1697	A Literature Review on Human Resource Accounting	The main objective of the study was to explore the literature review related to human resource accounting.	This study was descriptive cum exploratory in nature. Secondary data was used for the purpose of the study. To develop this study in depth literature review has been used which was collected from websites, different books, previous research findings and from different libraries.	It was found that most of the Indian companies have followed the Lev & Schwartz model for determining the value of human resources. Some organizations faced several challenges during the HRA implementation. The companies are trying to fit an available model for the valuation of HR as per their own requirement.
20.	Hassan S.	2016 **Journal**: International Journal of Academic Research in Accounting, Finance and Management Sciences Vol. 6, No. 1, Jan. 2016, ISSN: 2225-8329	Impact of HRM Practices on Employees Performance	To determine the effect of Human Resource Management practices on employee performance, to determine the status of HR Management practices in the Textile sector and to determine the relationship between HR Management practices and Employee's Performance.	The study was based on primary data. Questionnaires designed on a 5-point Likert scale range from strongly disagree to strongly agree, were used to collect data from the employees working in different departments of the textile sector. A Pearson correlation and regression was used.	The study revealed a significant relationship between Human Resource Management (HRM) practices (Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement) and employee's performance. The study revealed that employee's performance can be increased by giving employees an opportunity to make effective decisions.
21.	Chouhan V. P.	2015 **Journal:** Internation	Measuring Employees Value: A	To analyse the method used by Indian	The study was based on secondary data	The study revealed that the companies in India were

		al Journal of Management, Accounting & Economics Vol. 2, No. 4, April 2015 ISSN: 2383-2126	Critical Study on Human Resource Accounting in India	companies to measure cost and value of people to organizations and to identify the nature of disclosures on human resources in the annual reports of Indian Companies.	which was collected from the 5 companies providing the H.R. information in their annual reports. To analyse the data one sample ANOVA was used.	disclosing the HR Value in their annual report. The study also revealed that profitability of the companies is dependent upon two factors sales and HR Value.

TABLE 2 NATIONAL REVIEWS

S. No.	Author	Year & Publication Details	Title	Objective(s)	Research Methodology	Key Findings
1.	Jain, R. & Sapra R.	2019 **Journal**: Indian Journal of Accounting (IJA) Vol. 51 (2), Dec., 2019 ISSN : 2395-6127 (Online)	Impact of Human Resource Accounting on Firm's Value	The purpose of the study is to examine the impact of human resource variables viz. Compensation to employees, Staff welfare and training expenses and Profit after tax per 1000 employees on firm's value. The proxies used for a firm's value are Market Capitalization and Total Assets.	The companies listed on the Bombay Stock Exchange (BSE)-500 make up the population of the study. Out of 500 companies listed on BSE, finally 310 companies have been chosen for study due to non-availability of data on the variables used in the models.	The study found that compensation to employees does not have a significant impact on Market Capitalization while Staff welfare and training expenses and Profit after tax per 1000 employees have a positive and significant impact on Market Capitalization.
2.	Dashora, J. & Saxena, K.	2019 **Journal**: The Indian Journal of Commerce Vol. 72, Issue No. 2, April-June	Human Resource Practices in Selected Information Technology Organizations of Udaipur	This research study was attempted to identify a variety of HR practices prevailing in the IT organizations, from the perspective of HR managers.	For sample selection, a judgmental sampling technique was used to collect appropriate samples. Data has been collected from 46 HR managers from selected IT	The study proved that employees were satisfied towards the rest of the HR practices adopted by IT organizations of Udaipur. The research concluded that different age group employees

		2019, ISSN: 2454-6801			organizations of Udaipur district by using a well structured questionnaire which was based on 8 factors of HR practices.	have different opinions regarding some of the prevailing HR practices in the organization.
3.	Rajak, N.	2018 **Journal**: Indian Journal of Accounting (IJA) Vol. 50 (2), December, 2018, ISSN : 0972-1479 (Print) 2395-6127 (Online)	Human Resource Accounting: A Suggested Approach For Practice	They focused on developing an alternative model to measure the value of HR, to identify a rational and acceptable method of recording the value of HR in the books of accounts and to exhibit the value of HR in the balance sheet of an enterprise.	The study was based on the literature review related to HR valuation models published in different journals and books.	The Researcher concluded that The suggested model has not competed with the other HR valuation models; rather it aims to make the human resource valuation process more effective and acceptable.
4.	Kumar, S. & Awasthi, P.	2018 **Journal**: Indian Journal of Accounting (IJA) Vol. 50 (1), June, 2018 ISSN : 2395-6127 (Online)	Human Resource Accounting And Organizational Performance	The objective of this paper was to identify the relationship between human resource accounting and organizational performance.	The research design of this study was exploratory in nature. The qualitative analysis of existing literature is done with the help of R-software.	The Researcher found through analysis that performance of an organization is impacted by HRA. The cost incurred on human resources adds value to the organization. Investment on human resources always led to organizational performance.
5.	Ratti, M.	2017 **Journal**: Integral Review - A Journal of Manageme	An Analytical Study of Human Resource Accounting Practices-	The objectives of the study were to study the value of human resources at different levels of organization, to study hierarchical per	The study is based on primary data. Questionnaires sent to selected companies and on that basis data is collected and analyzed.	The model devised so far, for the valuation of HRA, has been developed in the USA keeping into consideration the environments prevailing there.

		nt Vol. 5, No. 2, Dec.-2017, e-ISSN : 2278-6120	An Indian Experience	capita HR and to determine the human resource efficiency quotient.	Convenient sampling technique was used.	There has been a great need to review their applicability in India, a country which was substantially facing different environments.
6.	Sharma D. & Khatik K. R.	2017 **Journal:** Amity Journal of Management Vol. V, No. 2, Dec. 2017, ISSN : 2347-1832	Human Resources Accounting Disclosures Practices in Indian Companies	To study the HRA and examine the issues and problems, to examine advantages, problems and importance of HRA and to analyze HRA practices followed by public and private undertakings in India.	The study was based on secondary data. The time period of the study was ranging from April 2013 to March 2017. Correlation and t-test was used.	The study revealed that ONGC is having better performance, while HPCL, ACC and TCS have concerns in disclosure practice of HRA. Moreover INFOSYS, BHEL, TCS, RIL, are also adopting human resource accounting in different ways.
7.	Sanghani, A. R.	2016 **Journal:** Indian Journal of Applied Research Vol. 6, Issue 3, March 2016 ISSN - 2249-555X	An Analysis of Human Resource accounting practices in Cement Corporation of India	To study the HRA practices followed by Cement Corporation of India, to study disclosure patterns of HRA by Cement Corporation of India and to make analysis of the HRA information provided by the company.	The period of the study was confined from 2010-11 to 2014-15. Convenient sampling technique was used. The study was based on secondary data.	The study revealed that the company discloses various variables in its annual reports regarding information of human resource accounting.
8.	Mehta, P., Duggal M. & Jain, A.	2015 **Journal**: Indian Journal of Accounting, Vol.	Measuring Human Capital: An Extended Version of Lev And	To propose an extended version of Lev & Schwartz model for valuation of human resource accounting, To value the human	The study was based on providing an extended version of the Lev and Schwartz model of valuation. A case study of	The Researcher found that the valuation of human capital can become more meaningful by giving equal weight age to the

		XLVII(2), December 2015, ISSN-0972-1479	Schwartz Model	resources of Aarti International Ltd. Ludhiana on the basis of proposed extended Lev & Schwartz model and To analyse how human resource valuation figures are helpful for managerial decision-making.	Aarti International Limited has been done to suggest a model of valuation.	turnover rate of the employees, training cost and the annual increment being given to the employees.
9.	Abolfaz D., H. Abdi, H. M. & Majid B.	2014 **Journal**: Indian Journal of Fundamental and Applied Life Sciences Vol. 4 (S1), ISSN: 2231–6345 (Online)	Human Resource Accounting And Financial Reporting	The purpose of this research paper was review of the theoretical discussions accounting human resources and its relation with service Financial.	This study was based on the theoretical concept of HR Accounting.	Human resources were considered as the most important resource in every entity, because it represents the resource that controls and directs the other resources, but accounting still did not recognize the HR as an asset in the statement of financial position.
10.	Shukla H.	2014 **Thesis:** Shodhganga	Human Resource Accounting & Disclosure Practices in Indian Companies	To examine the HR valuation practices in Indian Corporate Sector, to investigate and compare the disclosure practices in public and private sector companies and to suggest appropriate changes/improvements for making the HRA practice effective.	Both Primary and Secondary Data were used. The duration of the study was confined from 2006-07 to 2010-11. Chi-square test and t-test were used to analyze the data.	The researcher concluded that public sector companies performed better than private companies. The employee turnover was high in private companies. Only private company Infosys was adopting the HRA concept and Lev & Schwartz Model of HRA.

RESEARCH GAP

From the review of literature it has been found out that the past studies conducted on Human Resource Accounting were related to various other sectors of the economy but no specific study has been conducted on Human Resource Accounting disclosure practices in the IT sector of India. Most of the studies focused on Human Resource practices, impact of HR on firm's value and influence of Human Resource Accounting practices on profitability. Very few studies have been conducted on impact of human resource accounting practices and issues and challenges faced by Indian Companies while doing HR disclosure practices in their annual reports.

Recently, a few studies used both primary as well as secondary data and not included disclosure guidelines related to human resource accounting practices such as ISO, GRI & SEBI guidelines.

Besides, no study has been conducted on the Human Resource Accounting Disclosure Practices in Indian IT Companies and stakeholders' perception towards Human Resource Accounting practices in IT companies of India. Therefore, this study "Impact Of Human Resource Accounting Practices On Selected Information Technology Companies of India" has been taken into consideration.

NEED OF THE STUDY

Accounting is one of the most essential functions of each and every business concern but one of the most outstanding omissions in traditional accounting is the information concerning the human resources or capital employed. Financial statements refer to these resources only in the form of wages and salaries, or expenses undergone for recruitment and training.

Human Resource is the most valuable and only active resource of IT organizations. The main purpose of human Resource practices is to satisfy and retain employees for the long term in an organization. HR practices play a very crucial role in organization overall growth.

The absence of information regarding the human resource is a serious handicap to decision making. Therefore, there is a need to furnish proper information of human resource in the annual accounting. HRA practice in Indian Enterprises is still not very popular, which is a serious drawback of many companies.

IT companies are knowledge based companies and it requires a talented workforce to accomplish their task so retention of employees is the primary goal and for that human resource practices play an important role to solve the problem. Thus, there is a need to evaluate disclosure of HR accounting practices in Indian IT Companies in the present scenario. IT Companies are giving importance to HR accounting to attract efficient human resources.

This study will be helpful in the following aspects:

1. This study will help to know the various models and guidelines related to HR accounting.
2. This study will help the stakeholders to know the human resource accounting disclosure practices in selected IT companies.
3. This study will help to know the impact of human resource accounting practices on selected IT companies.
4. This study will help to know the challenges faced by the stakeholders regarding the human resource accounting practices.
5. This study will help to know the benefits derived from implementing human resource accounting.

   The study will indicate the awareness of stakeholders about human resource accounting disclosure practices in Indian IT companies. The purpose of this study is to find the determinants of human resource accounting in the annual report of Indian IT companies.

OBJECTIVES OF THE STUDY

1) To study the various models and guidelines for human resource accounting.
2) To examine the disclosure practices of Human Resource accounting in selected IT companies of India.
3) To compare the disclosure practices of Human Resource accounting in selected IT companies of India.
4) To analyze the impact of Human Resource accounting practices on selected IT companies of India.

5) To know stakeholders' perception towards Human Resource accounting practices in selected IT Companies of India.

RESEARCH HYPOTHESES

To achieve the objectives of the study, following hypotheses will be considered:

H_{01}: There is no significant difference between HR accounting disclosure practices in selected IT companies.

H_{02}: There is no significant impact of HR accounting practices on selected IT companies of India.

H_{03}: There is no significant difference in perceptions of different stakeholders regarding human resource accounting practices.

In addition to the above stated hypotheses, the researcher may frame more hypotheses during the course of study to make study more practical and relevant.

RESEARCH METHODOLOGY

Research methodology is a way to solve the research problem systematically, while designing the research work the following methodology has been adopted:

- **SAMPLE SIZE -** The sample size of the study has been 8 Indian IT (software) companies. The list of IT companies are as follows:

♦ HCL Technologies Ltd.

♦ Infosys Ltd.

♦ TCS Ltd.

♦ Tech Mahindra Ltd.

♦ Wipro Ltd.

♦ L & T Infotech

♦ Mindtree Ltd.

♦ Oracle Financial Services Software Ltd.

- **JUSTIFICATION OF SELECTION OF SAMPLE-** For the purpose of the study 8 IT companies are selected on the following bases:

1. These selected companies are listed in NSE (National Stock Exchange) Nifty IT Index.

2. The selected companies are top 8 companies on the basis of market capitalization on 1st April 2017.
3. These companies are knowledge based companies which use widely human related skills and knowledge.

- **COLLECTION OF DATA-** Both Primary data and Secondary data will be taken into consideration for this study. The data will be collected as:

- **Primary Source of Data-** Primary data will be collected through questionnaires. For this the researcher will take 200 stakeholders for sample which will be categorized as following:

  - 100 Accounting Professionals,
  - 50 Investors, and
  - 50 HR managers.

- **Secondary Source of Data-** Secondary data will be collected from annual reports and websites of selected companies, books, Journals, magazines and newspapers etc.

- **DURATION OF THE STUDY-** The duration of the study will be five financial years from 2017-18 to 2021-22.

- **DATA ANALYSIS-**

- **STATISTICAL TOOLS -** The data which will be collected from the above stated methods will be analyzed by using various statistical tools like Average, t-test, ANOVA, Rank, Regression, Correlation, Chi-square test, etc.

- **PRESENTATION TOOLS-** For the presentation of data various presentation tools will be used like Tables, Diagrams, Graphs, etc. Checklist will be prepared to check human resource accounting disclosure practices of selected companies.

TABLE 3 :- OBJECTIVE-WISE RESEARCH METHODOLOGY

S.NO.	OBJECTIVES	RESEARCH METHODOLOGY
1.	To study the various models and guidelines for Human Resource accounting.	To achieve this objective, the researcher will study various models and disclosure guidelines for human resource accounting. The data will be collected from books, journals and websites. Check list will be prepared. **Statistical/Presentation Tools:** Check list, Tables
2.	To examine the disclosure	To achieve this objective, the researcher will analyze the

	practices of Human Resource accounting in selected IT companies of India.	annual reports of selected companies. After that will frame the checklist and on the basis of the checklist the researcher will analyze human resource accounting disclosure practices of selected companies in India. **Statistical/Presentation Tools:** Check list, Average, t-test, Tables
3.	To compare the disclosure practices of Human Resource accounting in selected IT companies of India.	To achieve this objective, the information derived from the second objective a comparison will be made. The researcher will use ANOVA. **Statistical/Presentation Tools:** ANOVA Graphs Tables
4.	To analyze the impact of human resource accounting practices on selected IT companies of India.	To achieve this objective, the researcher will analyze the impact of human resource accounting practices on selected IT companies of India. **Statistical/Presentation Tools:** Regression & Correlation, Graphs, Tables
5.	To know stakeholders' perception towards Human Resource accounting practices in selected IT Companies of India.	To achieve this objective, the researcher will design and analyze a questionnaire to obtain a stakeholders' perception of 200 stakeholders of selected companies. Chi-square test will be used to analyze stakeholders' perception. **Statistical/Presentation Tools:** Rank**,** Chi-square test

PROPOSED PLAN OF THE STUDY

CHAPTER 1: Introduction

CHAPTER 2: Review Of Literature

CHAPTER 3: Various Models and Guidelines for Human Resource Accounting

CHAPTER 4: Human Resource Accounting Disclosure Practices In Selected IT Companies

CHAPTER 5: Impact of Human Resource Accounting Practices on Selected IT Companies

CHAPTER 6: Analysis Of Stakeholders' Perception

CHAPTER 7: Findings, Suggestions & Conclusion

ANNEXURES: References, Bibliography & Appendix

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- The Indian Journal of Commerce (IJC)
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